

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Village of Bellevue

Eaton County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2007

Village of Bellevue

Eaton County, Michigan

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December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Bellevue
Eaton County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village Of Bellevue as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village Of Bellevue' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village Of Bellevue as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 2008 on our consideration of the Village's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Required Supplemental Information

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and page 39 to 45 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

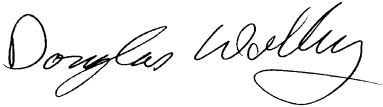
To the Village Council
Village Of Bellevue
Eaton County, Michigan

Combining Financial Statements and Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village Of Bellevue' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Introductory Letter

The accompanying introductory section, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script, reading "Douglas Wohlberg".

Douglas Wohlberg, CPA
Grand Rapids, Michigan
May 23, 2008

Village of Bellevue

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's combined net assets increased by \$483,098 or 24% from a year ago, increasing from \$2,004,564 to \$2,487,662.

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by \$252,677 for the governmental activities. This represents a decrease of approximately 23%. The current level of unrestricted net assets for our governmental activities stands at \$838,470, or about 79% of expenditures. This is within the targeted range set by the Village Council during its last budget process.

Following is a summary of the Statement of Net Assets.

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets	\$ 596,591	\$ 584,440	\$ 1,181,031
Noncurrent assets	390,002	2,575,924	2,965,926
TOTAL ASSETS	\$ 986,593	\$ 3,160,364	\$ 4,146,957
LIABILITIES			
Current liabilities	\$ -	\$ 11,567	\$ 11,567
Non-current liabilities	152,728	1,495,000	1,647,728
TOTAL LIABILITIES	152,728	1,506,567	1,659,295
NET ASSETS			
Restricted for streets	178,266	-	178,266
Invested in capital assets- net of debt	390,002	1,080,924	1,470,926
Unrestricted	265,597	572,873	838,470
TOTAL NET ASSETS	\$ 833,865	\$ 1,653,797	\$ 2,487,662

Village of Bellevue

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

The following table shows the changes of the net assets as of December 31, 2007:

	Governmental Activities	Business-type Activities	Total
PROGRAM REVENUES			
Charges for services	\$ 6,569	\$ 522,548	\$ 529,117
Operating grants and contributions	100,519	-	100,519
Capital grants	-	400,000	400,000
GENERAL REVENUE			-
Property tax	271,311	-	271,311
State shared revenue	151,165	-	151,165
Unrestricted investment income	18,467	16,802	35,269
Miscellaneous	15,289	5,419	20,708
TOTAL REVENUES	563,320	944,769	1,508,089
PROGRAM EXPENSES			
General government	106,942	-	106,942
Public safety	202,738	-	202,738
Public works	208,492	-	208,492
Community and economic development	2,645	-	2,645
Recreation and culture	3,161	-	3,161
Sewer fund	-	345,301	345,301
Water fund	-	192,743	192,743
TOTAL EXPENSES	523,978	538,044	1,062,022
CHANGE IN NET ASSETS	\$ 39,342	\$ 406,725	\$ 446,067

Governmental Activities

There was no significant change in governmental activities from the previous year. The Village did incur significant long-term debt in the form of two bonds issues in 2006 and the acceptance of a CDBG Loan. One bond issue, sold by the Sewer Fund, was in the amount of \$750,000. This issue will mature in 2020. The second bond issue, sold by the Water Fund, was in the amount of \$330,000. This issue will mature in 2020. The Village of Bellevue Major Fund accepted a CDBG Loan in the amount of \$164,000. This loan has a life of 10 years.

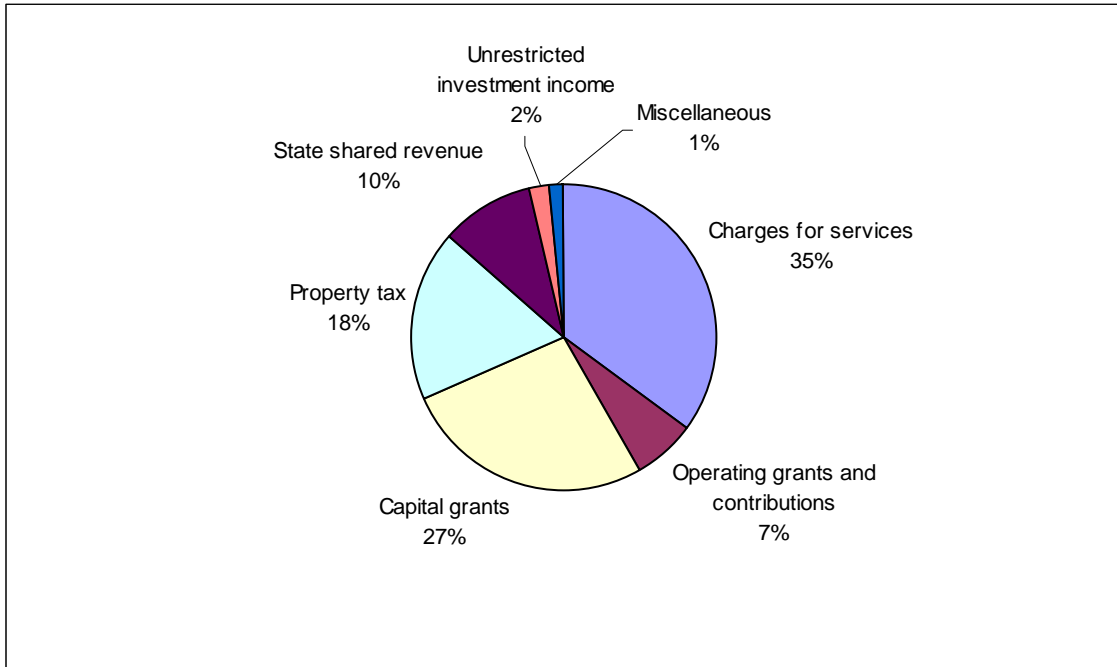
Village of Bellevue

Eaton County, Michigan

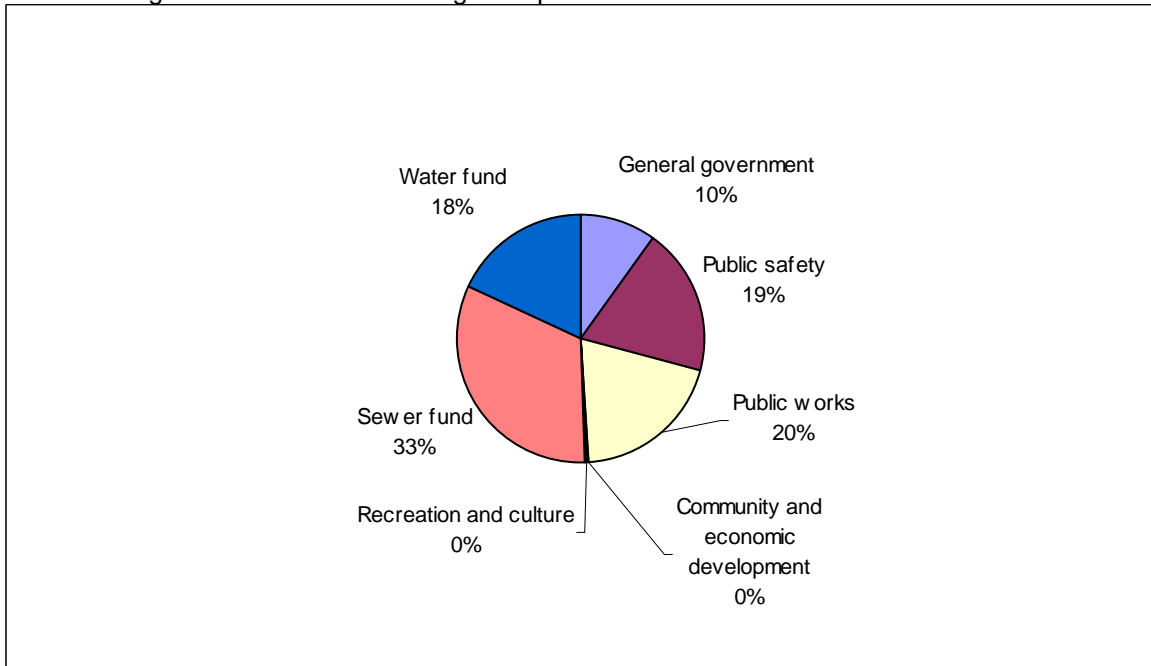
Management Discussion and Analysis

For the year ended December 31, 2007

The following chart illustrates the sources of the Village's revenue.



The following chart illustrates the Village's expenses.



Village of Bellevue

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

The Village's Funds

Our analysis of the Village's major funds begins on page 14, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for 2007 were the General Fund, Local Street Fund, Major Street Fund, Sewer Fund and the Water Fund.

Capital Asset and Debt Administration

At the end of 2007, the Village had \$2,965,926 net of accumulated depreciation, invested in a broad range of capital assets, including buildings, police and public works equipment, and water and sewer lines.

The following table shows the Village's capital assets at year end.

	Governmental Activities	Business-type Activities	Total
Buildings	\$ 56,941	\$ -	\$ 56,941
Equipment	2,233	-	2,233
Vehicles	3,108	-	3,108
Internal service	64,673	-	64,673
Infrastructure	263,048	2,575,923	2,838,971
TOTAL NET ASSETS	390,003	2,575,923	2,965,926

Economic Factors and Next Year's Budgets and Rates

Due to the financial situation the State of Michigan finds itself in, the Village management feels it is likely that state shared revenue will remain the same or decrease in 2008. Other General Fund revenues are also expected to remain flat. The Village has prepared itself for this sluggish economy by putting aside resources and attempting to keep expenditures to a minimum, funding only necessary capital improvements.

Due to a Utility Infrastructure Project the Village undertook in 2006/2007 and the need to fund this project with \$1,080,000 in bonds partnered with increasing expenses and flat utility consumption the Village of Bellevue will be forced to increase utility rates by a substantial percent, possibly as much as 30%. A rate increase of this magnitude will have a large impact on residents.

The Village will be seeking two millages in 2008 a street millage and a sidewalk millage. The street millage would be two mills for a duration of five years, 2009 to 2013. The estimate of the revenue the Village will collect if the millage is approved and levied in 2009 is approximately \$40,889.60. The sidewalk millage would be one mill for a duration of five years, 2009 to 2013. The estimate of the revenue the Village will collect if the millage is approved and levied in 2009 is approximately \$20,444.80.

The street millage is being sought by the Village Council for maintenance of Village Streets due to the difference between the dollars received from the State of Michigan in the form of Act 51 payments and the actual costs of maintenance, specifically in the Local Streets Fund.

Village of Bellevue

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2007

The sidewalk millage is being sought by the Village Council to repair and replace existing sidewalk. This will be a multi year project as the Village works to increase the non motorized connections within the community for pedestrians. The goal is to make the community walker friendly, tying the distinct residential neighborhoods to the downtown district, school system, and park system.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village's Manager at Bellevue Village Hall, 201 N. Main St., Bellevue, MI 49021. The Village's phone number is 269-763-9571.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Village of Bellevue

Eaton County, Michigan

For the year ended December 31, 2007

	Governmental activities	Business type activities	Total
ASSETS			
Cash and cash equivalents	\$ 596,591	\$ 429,936	\$ 1,026,527
Receivables (net)	-	154,504	154,504
Capital assets - net	390,002	2,575,924	2,965,926
TOTAL ASSETS	\$ 986,593	\$ 3,160,364	\$ 4,146,957
LIABILITIES			
Accrued and other liabilities	\$ -	\$ 11,567	\$ 11,567
Due within one year	17,676	127,000	144,676
Due in more than one year	135,052	1,368,000	1,503,052
TOTAL LIABILITIES	152,728	1,506,567	1,659,295
NET ASSETS			
Restricted			
Streets	178,266	-	178,266
Invested in capital assets	390,002	1,080,924	1,470,926
Unrestricted	265,597	572,873	838,470
TOTAL NET ASSETS	833,865	1,653,797	2,487,662
TOTAL LIABILITIES AND NET ASSETS	\$ 986,593	\$ 3,160,364	\$ 4,146,957

Village of Bellevue

Eaton County, Michigan

Statement of Activities

For the year ended December 31, 2007

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions
PRIMARY GOVERNMENT				
EXPENSES				
General government	\$ 106,942	\$ 6,569	\$ -	\$ -
Public safety	202,738	-	-	-
Public works	208,492	-	100,519	-
Community and economic development	2,645	-	-	-
Recreation and culture	3,161	-	-	-
Total Governmental activities	523,978	6,569	100,519	-
BUSINESS TYPE				
EXPENSES				
Sewer	345,301	281,693	-	400,000
Water	192,743	240,855	-	-
Total Business type activities	538,044	522,548	-	400,000
Total Primary government	1,062,022	529,117	100,519	400,000

General Revenues

Property taxes

State grants

Unrestricted investment income

Gain on sale

Miscellaneous

Total general revenues - special items and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Village of Bellevue

Eaton County, Michigan

Governmental Funds

Balance Sheet

December 31, 2007

	General Fund	Major Streets Special Revenue Fund	Local Streets Special Revenue Fund	Nonmajor Funds	Total
<u>ASSETS</u>					
Cash	\$ 287,650	\$ 100,378	\$ 77,888	\$ 67,522	\$ 533,438
<u>LIABILITIES AND FUND BALANCES</u>					
<u>FUND BALANCES</u>					
Reserved for					
Streets	-	100,378	77,888	-	178,266
Unreserved	287,650	-	-	67,522	355,172
TOTAL FUND BALANCES	\$ 287,650	\$ 100,378	\$ 77,888	\$ 67,522	\$ 533,438

Village of Bellevue

Eaton County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2007

Total fund balances - total governmental funds		\$	533,438
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
Capital assets at cost			463,287
Accumulated depreciation			(137,957)
Net capital assets			325,330
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2007 were:			
Bonds payable			(152,728)
Internal service funds are used by management to charge the costs of equipment rental activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets			127,825
Net assets of governmental activities		\$	833,865

Village of Bellevue

Eaton County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended December 31, 2007

	General Fund	Major Streets Special Revenue Fund	Local Streets Special Revenue Fund	Nonmajor Funds	Total
REVENUE					
Property taxes	\$ 271,312	\$ -	\$ -	\$ -	\$ 271,312
State grants	154,912	65,602	31,169	-	251,683
Licenses and permits	5,065	-	-	-	5,065
Fines and forfeits	1,024	-	-	-	1,024
Charges for services	480	-	-	-	480
Interest and rentals	9,143	3,753	3,112	2,459	18,467
Other revenue	15,200	-	89	-	15,289
TOTAL REVENUE	457,136	69,355	34,370	2,459	563,320
EXPENDITURES					
General government	80,264	-	-	-	80,264
Public safety	186,284	-	-	15,000	201,284
Planning	-	-	-	2,645	2,645
Parks and recreation	3,161	-	-	-	3,161
Public works	73,930	240,347	41,880	12	356,169
Street lighting	22,091	-	-	-	22,091
Other	11,588	-	-	-	11,588
TOTAL EXPENDITURES	377,318	240,347	41,880	17,657	677,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	79,818	(170,992)	(7,510)	(15,198)	(113,882)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	20,500	20,500
Transfers out	(20,500)	-	-	-	(20,500)
Proceeds of long-term debt	-	164,000	-	-	164,000
TOTAL OTHER FINANCING SOURCES (USES)	(20,500)	164,000	-	20,500	164,000
NET CHANGE IN FUND BALANCES	59,318	(6,992)	(7,510)	5,302	50,118
FUND BALANCES, BEGINNING OF YEAR	228,332	107,370	85,398	62,220	483,320
FUND BALANCES, END OF YEAR	\$ 287,650	\$ 100,378	\$ 77,888	\$ 67,522	\$ 533,438

Village of Bellevue

Eaton County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2007

Net change in fund balances - total governmental funds	\$	50,118
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.	186,934
An internal service fund is used by the Village to charge the costs of equipment and vehicles to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	(10,323)
Issuance of long-term debt is an other financing source in the governmental funds, but increases liabilities in the statement of net assets	(164,000)

Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation	(34,659)
Change in net assets of government activities	\$ 39,342

Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2007

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
ASSETS				
Current assets				
Cash	\$ 97,582	\$ 295,773	\$ 393,355	\$ 63,153
Accounts receivable	87,824	66,680	154,504	-
Total current assets	185,406	362,453	547,859	63,153
Noncurrent assets				
Restricted cash	-	36,581	36,581	-
Capital assets	1,706,879	869,045	2,575,924	64,672
Total Capital assets	1,706,879	905,626	2,612,505	64,672
TOTAL ASSETS	\$ 1,892,285	\$ 1,268,079	\$ 3,160,364	\$ 127,825
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Interest payable	\$ 5,012	\$ 6,555	\$ 11,567	\$ -
Total current liabilities	5,012	6,555	11,567	-
Noncurrent liabilities				
Bonds payable-net of current portion	710,000	785,000	1,495,000	-
TOTAL LIABILITIES	715,012	791,555	1,506,567	-
NET ASSETS				
Invested in capital assets - net of related debt	996,879	84,045	1,080,924	64,672
Unrestricted	180,394	392,479	572,873	63,153
TOTAL NET ASSETS	1,177,273	476,524	1,653,797	127,825
TOTAL LIABILITIES AND NET ASSETS	\$ 1,892,285	\$ 1,268,079	\$ 3,160,364	\$ 127,825

Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended December 31, 2007

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
OPERATING REVENUE				
Charges for services	\$ 281,693	\$ 240,855	\$ 522,548	\$ 49,954
OPERATING EXPENSES				
Salaries	98,519	44,066	142,585	7,819
Payroll taxes	7,200	3,397	10,597	561
Hospitalization insurance	59,635	17,394	77,029	3,307
Life insurance	2,191	1,047	3,238	243
Retirement	2,912	1,373	4,285	245
Unemployment	191	84	275	15
Workers compensation insurance	2,635	1,658	4,293	364
Supplies	11,439	5,115	16,554	14,058
Contractual services	11,709	1,076	12,785	-
Insurance	10,275	10,275	20,550	7,873
Utilities	19,983	10,417	30,400	-
Repairs	135	2,172	2,307	152
Rent	5,434	4,781	10,215	343
Education	210	124	334	-
Dues and fees	523	1,456	1,979	120
Other	982	-	982	-
Depreciation	69,775	40,088	109,863	24,487
Capital outlay	2,239	1,941	4,180	6,510
TOTAL OPERATING EXPENSES	305,987	146,464	452,451	66,097
OPERATING INCOME (LOSS)	(24,294)	94,391	70,097	(16,143)
NONOPERATING REVENUE (EXPENSES)				
Interest on investments	6,725	10,077	16,802	4,804
Reimbursements	2,753	-	2,753	-
Interest	(39,314)	(46,279)	(85,593)	-
Other revenue	-	2,666	2,666	1,015
TOTAL NONOPERATING REVENUES (EXPENSE)	(29,836)	(33,536)	(63,372)	5,819
Income (loss) before contributions and transfers	(54,130)	60,855	6,725	(10,324)
Transfers in	142,000	25,000	167,000	-
Transfers out	(82,000)	(85,000)	(167,000)	-
Capital contributions	400,000	-	400,000	-
CHANGE IN NET ASSETS	405,870	855	406,725	(10,324)
NET ASSETS, BEGINNING OF YEAR	771,403	475,669	1,247,072	138,149
NET ASSETS, END OF YEAR	\$ 1,177,273	\$ 476,524	\$ 1,653,797	\$ 127,825

Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2007

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 259,747	\$ 240,742	\$ 500,489	\$ 49,954
Payments to suppliers	(130,493)	(58,913)	(189,406)	(33,230)
Payments to employees	(105,719)	(47,463)	(153,182)	(8,380)
Net cash provided (used) by operating activities	23,535	134,366	157,901	8,344
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Operating subsidies and transfers to other funds	60,000	(60,000)	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Capital contributions	400,000	-	400,000	-
Purchase of capital assets	(752,852)	(192,339)	(945,191)	-
Principal and interest paid on capital debt	(77,270)	(86,279)	(163,549)	-
Other receipts (payments)	2,753	2,666	5,419	1,015
Interest payable	-	1,900	1,900	-
Net cash provided (used) by capital and related financing activities	(427,099)	(274,052)	(701,421)	1,015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and dividends	6,725	10,077	16,802	4,804
Net increase (decrease) in cash and cash equivalents	(336,839)	(189,609)	(526,718)	14,163
Balances - beginning of year	434,421	521,963	956,384	48,990
Balances - end of year	\$ 97,582	\$ 332,354	\$ 429,666	\$ 63,153
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	\$ (24,294)	\$ 94,391	\$ 70,097	\$ (16,143)
Provided (used) by operating activities				
Depreciation expense	69,775	40,088	109,863	24,487
Receivables - net	(21,946)	(113)	(22,059)	-
Net cash provided by operating activities	\$ 23,535	\$ 134,366	\$ 157,901	\$ 8,344

Village of Bellevue

Eaton County, Michigan
Trust and Agency Fund
Statement of Fiduciary Net Assets
Year Ended December 31, 2007

ASSETS

Cash and investments	\$	6,341
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LIABILITIES

Deposit payable	\$	6,341
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NOTES TO FINANCIAL STATEMENTS

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Bellevue conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Village of Bellevue:

A. Reporting Entity

The Village of Bellevue was incorporated under the provisions of Act 8, P.A. 1895 as amended as a General Law Village. The Village operates under a President-Council form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, public improvement, and general administration services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Village of Bellevue's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Village of Bellevue as of the preceding December 31st.

Although Village of Bellevue's 2006 ad valorem tax is levied and collectible on December 1, 2007, it is Village of Bellevue's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2006 taxable valuation of Village of Bellevue totaled \$18,957,600, on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	13.0837 \$	248,036

These amounts are recognized in the General Fund financial statements as taxes receivable-current.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund and the Local Street Fund are used to account for the maintenance and construction of the Village's street system. These funds account for revenues provided by the State through Act 51.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Village normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 1, the Village Manager submits to the Council, a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Village hall to obtain taxpayer comments.

On or before November 1, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Village Council.

Budgeted amounts are presented as originally adopted, or as amended by the Village Council before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Village Council throughout the operating year.

The Village legally adopts budgets for the General Fund, and Debt Service Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Village Council.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the and Debt Service funds.

The Village Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Village Council.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

Note 3 - Deposits and Investments

State statutes and the Village's investment policy authorize the Village to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Village is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Village's deposits are in accordance with statutory authority.

As of December 31, 2007, the Village had the following deposits.

Hastings City Bank	\$	1,040,588
Independent Bank		6,341
Total	\$	1,046,929

At year end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Proprietary Funds	Trust and Agency Fund	Total Primary Government
Cash and investments	\$ 596,591	\$ 429,936	\$ 6,341	\$ 1,032,868

The deposits of the Village were reflected in the accounts of financial institutions at \$1,046,929, of which \$265,001 is covered by federal depository insurance. \$781,928 is uninsured. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
Capital assets being depreciated:				
Buildings	\$ 76,602	\$	\$	76,602
Equipment		3,349		3,349
Vehicles	34,373			34,373
Streets infrastructure	165,378	183,585		348,963
Subtotal	276,353	186,934		463,287
Accumulated depreciation:				
Buildings	15,474	4,187		19,661
Equipment		1,116		1,116
Vehicles	29,311	1,954		31,265
Streets infrastructure	58,513	27,402		85,915
Subtotal	103,298	34,659		137,957
Net capital assets being depreciated	173,055	152,275		325,330
Net capital assets	\$ 173,055	\$ 152,275	\$	\$ 325,330

Business-Type Activities	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
Capital assets being depreciated:				
Sewer system	\$ 2,368,368	\$ 752,582	\$	3,120,950
Water system	1,242,112	192,339		1,434,451
Subtotal	3,610,480	944,921		4,555,401
Accumulated depreciation:				
Sewer system	1,344,297	69,775		1,414,072
Water system	525,318	40,088		565,406
Subtotal	1,869,615	109,863		1,979,478
Net capital assets being depreciated	1,740,865	835,058		2,575,923
Net capital assets	\$ 1,740,865	\$ 835,058	\$	\$ 2,575,923

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$	1,509
Public safety		4,803
Public works		945
Streets infrastructure		27,402
Total governmental activities	\$	34,659

Business-Type activities:

Sewer	\$	69,775
Water		40,088
Total Business-Type activities	\$	109,863

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Transfers In	Transfers Out	
	General Fund	
Dam Repair Fund	\$	500
Fire Board Fund		20,000
Total	\$	20,500

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 6 - LONG-TERM DEBT

Bond and contractual obligation activity can be summarized as follows:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>					
\$164,000 Streets Bond	\$	\$ 164,000	\$ 11,272	\$ 152,728	\$ 17,676
<u>Business-Type Activities</u>					
\$750,000 2006 Sewer Bonds	750,000		40,000	710,000	37,044
\$330,000 2006 Water Bonds	330,000		10,000	320,000	18,786
\$715,000 Water Bonds	495,000		30,000	465,000	65,000
Total Business-Type Activities	1,575,000		80,000	1,495,000	120,830
Total Long-Term Debt	\$ 1,575,000	\$ 164,000	\$ 91,272	\$ 1,647,728	\$ 138,506

Annual debt service requirements to maturity for the above obligation follows:

December 31,	Bonds Payable		Total
	Principal	Interest	
2008	\$ 144,676	\$ 71,239	\$ 215,915
2009	132,549	65,613	198,162
2010	132,863	59,591	192,454
2011	143,183	53,742	196,925
2012	150,510	47,280	197,790
2013	150,843	40,527	191,370
2014	156,183	33,768	189,951
2015	158,530	26,740	185,270
2016	103,884	20,413	124,297
2017	87,507	16,330	103,837
2018	91,000	12,486	103,486
2019	98,000	8,412	106,412
2020	98,000	4,050	102,050
Totals	\$ 1,647,728	\$ 460,191	\$ 2,107,919

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 7 - SEGMENT INFORMATION

The Village operates two funds which provide sewage and water services. Summary financial information for the sewer department is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund
Assets		
Current assets	\$ 185,406	\$ 362,453
Capital assets	1,706,879	905,626
Total Assets	1,892,285	1,268,079
Liabilities		
Current liabilities	5,012	6,555
Noncurrent liabilities	710,000	785,000
Total Liabilities	715,012	791,555
Net Assets		
Invested in capital assets	996,879	84,045
Unrestricted	180,394	392,479
Total Net Assets	\$ 1,177,273	\$ 476,524

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund
Sewer Charges	\$ 281,693	\$ 240,855
Depreciation	69,775	40,088
Other operating expenses	236,212	106,376
Operating income	(24,294)	94,391
Nonoperating revenue (expense)		
Investment earnings	6,725	10,077
Interest expense	(39,314)	(46,279)
Reimbursements	2,753	-
Other revenue	-	2,666
Total nonoperating revenue and expenses	(29,836)	(33,536)
Transfers in	142,000	25,000
Transfers out	(82,000)	(85,000)
Capital contributions	400,000	
Changes in net assets	405,870	855
Beginning net assets	771,403	475,669
Ending net assets	\$ 1,177,273	\$ 476,524

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund
Net cash provided by (used in)		
Operating activities	\$ 23,535	\$ 134,366
Noncapital financing activities	60,000	(60,000)
Capital and related financing activities	(427,099)	(274,052)
Investing activities	6,725	10,077
Net increase (decrease) in cash	(336,839)	(189,609)
Beginning cash and cash equivalents	434,421	521,963
Ending cash and cash equivalents	\$ 97,582	\$ 332,354

Village of Bellevue

Eaton County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2007

NOTE 8 - RISK MANAGEMENT

Village of Bellevue is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village of Bellevue obtains commercial insurance coverage through the MCM Group for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

The Village has no post-retirement benefit plans at this time other than its pension plan.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Village of Bellevue provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by the pension agreement, the Village of Bellevue contributes 3% percent of employees' gross earnings and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 10 years of service.

Village of Bellevue's total payroll during the current year was \$338,989. The current year contribution was calculated based on covered payroll of \$334,232, resulting in an employer contribution of \$10,132 and employee contributions of \$17,080.

NOTE 11 - JOINT VENTURES

Bellevue Community Fire Board

The Village of Bellevue is a member of the Bellevue Community Fire Board, which provides fire protection services to the residents of the Village of Bellevue, Bellevue Township, and Assyria Township. The participating communities provide annual funding for its operations. During the current year, the Village contributed \$15,000 for its operations. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Village appoints one member, two members on a rotational basis, to the Fire Board's five member governing board, which approves the annual budget. The following financial information of the Fire Board is obtained from audited financial statements as of March 31, 2007. Complete financial statements for the Bellevue Community Fire Board can be obtained from Bernard Otto, Secretary/Treasury at (269) 763-9461.

Total assets	\$	392,559
Total liabilities		7,536
Total net assets		385,023
Total revenue		111,064
Total expenses		101,426
Increase in net assets		9,638

Bellevue Joint Planning Commission

The Village of Bellevue is a member of the Joint Bellevue Planning Commission, which provides planning services to the residents of the Village of Bellevue and Bellevue Township. The participating communities provide annual funding for its operations. During the current year, the Village contributed \$0 for its operations. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Village appoints two members, to the Planning Commission's four member governing board, which approves the annual budget.

Required Supplemental Information

Village of Bellevue

Eaton County, Michigan

General Fund

Balance Sheet

For the year ended December 31, 2007

ASSETS

Cash	\$	287,650
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LIABILITIES AND FUND EQUITY

FUND BALANCES

Fund balance	\$	287,650
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Village of Bellevue

Eaton County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2007

	Original budget	Final budget	Actual	Variance with final budget
REVENUES				
Property Taxes				
Current property taxes	\$ 235,000	\$ 235,000	\$ 264,210	\$ 29,210
Penalties and interest on taxes	-	-	4,498	4,498
Property tax administration fee	2,350	2,350	2,604	254
Total Property Taxes	237,350	237,350	271,312	33,962
State Grants				
State revenue sharing	150,000	150,000	146,031	(3,969)
Other state grants	2,000	2,000	5,134	3,134
Michigan transportation funds	-	-	3,747	3,747
Total State Grants	152,000	152,000	154,912	2,912
Licenses and Permits				
Business licenses and permits	5,000	5,000	5,065	65
Fines and Forfeitures				
Fines and forfeitures	500	500	1,024	524
Charges for Services				
Fees	-	480	480	-
Interest and Rentals				
Interest on investments	3,000	3,000	9,143	6,143
Other Revenue				
Reimbursements	3,000	3,000	3,342	342
Other revenue	9,400	9,400	11,858	2,458
Total Other Revenue	12,400	12,400	15,200	2,800
TOTAL REVENUES	410,250	410,250	457,136	46,886

Village of Bellevue

Eaton County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2007

	Original budget	Final budget	Actual	Variance with final budget
EXPENDITURES				
General government				
Village Council	\$ 5,520	\$ 5,520	\$ 11,195	\$ (5,675)
President	1,370	1,370	1,255	115
Manager	64,090	64,090	58,085	6,005
Buildings and grounds	11,650	11,650	5,732	5,918
Attorney	7,500	7,500	3,997	3,503
Total General government	90,130	90,130	80,264	9,866
Public safety				
Police	206,450	206,450	186,284	20,166
Total Public safety	206,450	206,450	186,284	20,166
Department of public works				
Department of public works	77,010	77,010	73,930	3,080
Street lighting	21,000	21,000	22,091	(1,091)
Total Department of public works	98,010	98,010	96,021	1,989
Parks and recreation				
Parks and recreation department	4,350	4,350	3,161	1,189
Other				
Insurance	14,500	14,500	10,099	4,401
Miscellaneous	1,550	1,550	1,489	61
Total Other	16,050	16,050	11,588	4,462
TOTAL EXPENDITURES	414,990	414,990	377,318	37,672
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,740)	(4,740)	79,818	84,558
OTHER FINANCING SOURCES (USES)				
Transfers out	(23,000)	(23,000)	(20,500)	2,500
NET CHANGE IN FUND BALANCES	(27,740)	(27,740)	59,318	87,058
Fund balance at beginning of year	228,332	228,332	228,332	-
Fund balance at end of year	\$ 200,592	\$ 200,592	\$ 287,650	\$ 87,058

Village of Bellevue

Eaton County, Michigan

Major Streets Fund

Balance Sheet

For the year ended December 31, 2007

ASSETS

Cash	\$	100,378
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LIABILITIES AND FUND EQUITY

FUND BALANCES

Fund balance	\$	100,378
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Village of Bellevue

Eaton County, Michigan

Major Streets Fund

Budgetary Comparison Schedule

For the year ended December 31, 2007

	Original budget	Final budget	Actual	Variance with final budget
REVENUES				
State Grants				
Michigan transportation funds	\$ 65,000	\$ 65,000	\$ 65,602	\$ 602
Interest on investments	3,000	3,000	3,753	753
TOTAL REVENUES	68,000	68,000	69,355	1,355
EXPENDITURES				
Public works				
Construction streets	150,000	183,110	183,585	(475)
Preservation streets	45,200	29,970	25,765	4,205
Traffic services	1,100	1,100	279	821
Winter maintenance	5,500	5,500	8,366	(2,866)
Administration and engineering	9,115	9,115	8,770	345
Debt service	-	-	-	-
Principal	15,000	15,000	11,272	3,728
Interest	3,200	3,200	2,310	890
Total Public works	229,115	246,995	240,347	6,648
TOTAL EXPENDITURES	229,115	246,995	240,347	6,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,115)	(178,995)	(170,992)	8,003
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	150,000	164,000	164,000	-
NET CHANGE IN FUND BALANCES	(11,115)	(14,995)	(6,992)	8,003
Fund balance at beginning of year	107,370	107,370	107,370	-
Fund balance at end of year	\$ 96,255	\$ 92,375	\$ 100,378	\$ 8,003

Village of Bellevue

Eaton County, Michigan

Local Streets Fund

Balance Sheet

For the year ended December 31, 2007

ASSETS

Cash	\$	77,888
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LIABILITIES AND FUND EQUITY

FUND BALANCES

Fund balance	\$	77,888
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Village of Bellevue

Eaton County, Michigan

Local Streets Fund

Budgetary Comparison Schedule

For the year ended December 31, 2007

	Original budget	Final budget	Actual	Variance with final budget
REVENUES				
State Grants				
Michigan transportation funds	\$ 30,000	\$ 30,000	\$ 31,169	\$ 1,169
Interest on investments	2,500	2,500	3,112	612
Other revenue	-	-	89	89
TOTAL REVENUES	32,500	32,500	34,370	1,870
EXPENDITURES				
Public works				
Preservation streets	28,185	28,185	23,133	5,052
Traffic services	250	250	257	(7)
Winter maintenance	4,000	4,000	7,655	(3,655)
Administration and engineering	14,195	14,195	10,835	3,360
Total Public works	46,630	46,630	41,880	4,750
TOTAL EXPENDITURES	46,630	46,630	41,880	4,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,130)	(14,130)	(7,510)	6,620
NET CHANGE IN FUND BALANCES	(14,130)	(14,130)	(7,510)	6,620
Fund balance at beginning of year	85,398	85,398	85,398	-
Fund balance at end of year	\$ 71,268	\$ 71,268	\$ 77,888	\$ 6,620

NONMAJOR GOVERNMENTAL FUNDS

Village of Bellevue

Eaton County, Michigan

Nonmajor Funds

Combining Balance Sheet

December 31, 2007

	<u>Special Revenue Funds</u>							
	Fire Board Fund		Joint Planning Commission Fund	Dam Repair Fund		Total		
<u>ASSETS</u>								
Cash	\$	56,052	\$	5,744	\$	5,726	\$	67,522
<u>LIABILITIES AND FUND BALANCES</u>								
<u>FUND BALANCES</u>								
Unreserved	\$	56,052	\$	5,744	\$	5,726	\$	67,522

Village of Bellevue

Eaton County, Michigan

Nonmajor Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

December 31, 2007

	Special Revenue Funds				Total
	Fire Board Fund	Joint Planning Commission Fund	Dam Repair Fund		
REVENUE					
Interest	\$ 1,990	\$ 261	\$ 208	\$	2,459
TOTAL REVENUE	1,990	261	208		2,459
EXPENDITURES					
Public safety	15,000	-	-		15,000
Planning	-	2,645	-		2,645
Public Works	-	-	12		12
TOTAL EXPENDITURES	15,000	2,645	12		17,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,010)	(2,384)	196		(15,198)
OTHER FINANCING SOURCES (USES)					
Transfers in	20,000	-	500		20,500
NET CHANGE IN FUND BALANCES	6,990	(2,384)	696		5,302
FUND BALANCES, BEGINNING OF YEAR	49,062	8,128	5,030		62,220
FUND BALANCES, END OF YEAR	\$ 56,052	\$ 5,744	\$ 5,726	\$	67,522

LONG-TERM DEBT SCHEDULE

Village of Bellevue

Village of Bellevue

Schedule of Bonded Debt

\$330,000 Water System Bonds

December 31, 2007

Year ended December 31,	Interest Rate	May 1 Principal	November 1 Principal	May 1 Interest	November 1 Interest	Total
2008	4.950%	\$ 11,000	\$ 11,000	\$ 7,920	\$ 7,648	\$ 37,568
2009	4.950%	11,000	11,000	7,376	7,103	36,479
2010	4.950%	11,000	11,000	6,831	6,559	35,390
2011	4.950%	11,000	11,000	6,287	6,014	34,301
2012	4.950%	12,000	12,000	5,742	5,445	35,187
2013	4.950%	12,000	12,000	5,148	4,851	33,999
2014	4.950%	12,000	12,000	4,554	4,257	32,811
2015	4.950%	13,000	13,000	3,960	3,638	33,598
2016	4.950%	13,000	13,000	3,317	2,995	32,312
2017	4.950%	13,000	13,000	2,673	2,351	31,024
2018	4.950%	13,000	13,000	2,030	1,708	29,738
2019	4.950%	14,000	14,000	1,386	1,040	30,426
2020	4.950%	14,000	14,000	693	347	29,040
Totals	\$	\$ 160,000	\$ 160,000	\$ 57,917	\$ 53,956	\$ 431,873

Village of Bellevue

Village of Bellevue

Schedule of Bonded Debt

\$750,000 Sewer System Bonds

December 31, 2007

Year ended December 31,	Interest Rate	November 1 Principal	May 1 Interest	November 1 Interest	Total
2008	4.200%	\$ 40,000	\$ 15,036	\$ 15,036	\$ 70,072
2009	4.200%	45,000	14,196	14,196	73,392
2010	4.200%	45,000	13,251	13,251	71,502
2011	4.200%	45,000	12,306	12,306	69,612
2012	4.200%	50,000	11,361	11,361	72,722
2013	4.200%	50,000	10,311	10,311	70,622
2014	4.250%	55,000	9,261	9,261	73,522
2015	4.250%	55,000	8,093	8,093	71,186
2016	4.250%	60,000	6,924	6,924	73,848
2017	4.250%	60,000	5,649	5,649	71,298
2018	4.250%	65,000	4,374	4,374	73,748
2019	4.250%	70,000	2,993	2,993	75,986
2020	4.300%	70,000	1,505	1,505	73,010
Totals		\$ 710,000	\$ 115,260	\$ 115,260	\$ 940,520

Village of Bellevue

Village of Bellevue

Schedule of Bonded Debt

\$715,000 Water System Bonds

December 31, 2007

Year ended December 31,	Interest Rate		May 1 Principal		November 1 Principal		May 1 Interest		November 1 Interest		Total
2008	5.220%	\$	30,000	\$	35,000	\$	11,745	\$	10,962	\$	87,707
2009	5.220%		30,000		20,000		10,440		9,657		70,097
2010	5.220%		30,000		20,000		9,135		8,352		67,487
2011	5.220%		30,000		30,000		7,830		7,047		74,877
2012	5.220%		30,000		30,000		6,264		5,481		71,745
2013	5.220%		30,000		30,000		4,698		3,915		68,613
2014	5.220%		30,000		30,000		3,132		2,349		65,481
2015	5.220%		30,000		30,000		1,566		783		62,349
Totals		\$	240,000	\$	225,000	\$	54,810	\$	48,546	\$	568,356

Village of Bellevue

Village of Bellevue

Schedule of Bonded Debt

\$164,000 Street Bonds

December 31, 2007

Year ended December 31,	Interest Rate	Principal	Interest	Total
2008	2.000%	\$ 17,676	\$ 2,892	\$ 20,568
2009	2.000%	15,549	2,645	18,194
2010	2.000%	15,863	2,212	18,075
2011	2.000%	16,183	1,952	18,135
2012	2.000%	16,510	1,626	18,136
2013	2.000%	16,843	1,293	18,136
2014	2.000%	17,183	954	18,137
2015	2.000%	17,530	607	18,137
2016	2.000%	17,884	253	18,137
2017	2.000%	1,507	8	1,515
Totals		\$ 152,728	\$ 14,442	\$ 167,170

AUDITORS' REPORT

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Council
Village of Bellevue
Eaton County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Bellevue for the year ended December 31, 2007, and have issued our report thereon dated May 23, 2008. Professional standards require that we provide you with the following Information related to our audit

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 8, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 22, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Village of Bellevue are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Describe most significant estimate(s)

Management's estimate of the lives of capital assets is based on management's experience and estimates. We evaluated the key factors and assumptions used to develop the lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of risk management in Note 8 to the financial statements. The Village is exposed to various risks related to property loss, torts, errors and omissions and employee injuries. The Village is covered by insurance through the MCM Group..

To the Village Council
Village of Bellevue
Eaton County, Michigan

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated Village.

Management Consultations With Other Independent Accountants

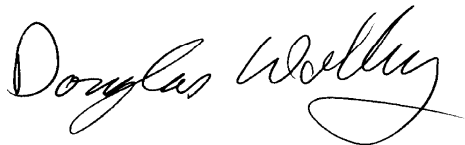
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Council and management of Village of Bellevue and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Grand Rapids, Michigan
May 23, 2008

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Village Council
Village Of Bellevue
Eaton County, Michigan

We have audited the financial statements of Village Of Bellevue, Eaton County, Michigan as of and for the year ended 60, and have issued our report thereon dated May 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village Of Bellevue's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village Of Bellevue's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Bellevue's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Bellevue's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Bellevue's financial statements that is more than inconsequential will not be prevented or detected by the Village of Bellevue's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Bellevue's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village Of Bellevue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Village Council
Village Of Bellevue
Eaton County, Michigan

This report is intended solely for the information and use of management, the Village of Bellevue , others within the Village of Bellevue, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Douglas Welby". The signature is written in a cursive style with a large, looping 'D' and a long, sweeping tail on the 'y'.

Statement of Activities
December 31, 2007
May 23, 2008